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CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD



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December 29, 2008

Michael Sweeney, General Manager
Mendocino Solid Waste Management Authority
101 West Church Street Suite 9
Ukiah, CA 95482

SUBJECT: FINAL AUDIT REPORT – FARM AND RANCH
GRANTS FR16-03-0003 AND FR21-04-0002

Dear Mr. Sweeney:

Enclosed is the report on the audit of Mendocino Solid Waste Management Authority (Authority) Farm and Ranch Solid Waste Cleanup and Abatement Grants FR16-03-0003; and FR21-04-0002, awarded for the periods March 1, 2004, through March 15, 2007. Our audit included a review of receipts, expenditures, internal controls, and compliance with the grant agreement provisions.

CIWMB congratulates the Authority on the results of this audit. No findings resulted from this review of the Authority provided information. Although, this review was selective and any result cannot be applied with certainty to Authority's grant program as a whole, we believe that this audit report is reflective of Authority's proper grant administration.

If you have any questions regarding this report, please contact George Mendoza, Audit Manager, at (916) 324-1358 or gmendoza@ciwmb.ca.gov.

Sincerely,

Susan Villa, Branch Manager
Fiscal Services Branch
California Integrated Waste Management Board



(Over)

Mr. Michael Sweeney
December 29, 2008
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Enclosure

cc: Carla Repucci, Solid Waste and Tire Clean-up Programs, WCMP, CIWMB
Wes Mindermann, Supervisor, Solid Waste and Tire Clean-up Programs,
WCMP, CIWMB
Carl Coaxum, Auditor, Audits and Evaluations Unit, CIWMB
CIWMB Audits and Evaluations Unit File

Mendocino Solid Waste Management Authority

**Farm and Ranch Solid Waste Cleanup and
Abatement Grants**

Final Audit Report

**Grants FR16-03-0003,
And
FR21-04-0002**

**For the Periods March 1, 2004
through March 15, 2007**

**Prepared By:
California Integrated Waste Management Board
Audits and Evaluations Unit**

December 2008

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PREFACE

The California Integrated Waste Management Board awarded FR16-03-0003, and FR21-04-0002 Farm and Ranch Solid Waste Cleanup and Abatements Grants to Mendocino Solid Waste Management Authority (Authority). These grant agreements were funded by the Integrated Waste Management Account.

The grant agreements were as follows:

Grant Agreement	Amount	Audit Period
FR16-03-0003	\$ 40,137	03/01/04 – 03/15/06
FR21-04-0002	\$ 27,325	06/01/05 – 03/15/07

The objective of this audit was to determine Authority's compliance with the grant agreement. The audit also assessed Authority's compliance with fiscal and statutory requirements, as well as a review of internal controls.

This report is intended for the information and use of CIWMB and Authority's management. However, this report is a matter of public record and its distribution is not limited.

STAFF:

Carl Coaxum
Auditor

AUDITOR'S REPORT

Mr. Mark Leary, Executive Director
California Integrated Waste Management Board
1001 I Street, MS-25A
Sacramento, CA 95814

The Audits and Evaluations Unit conducted an audit of Mendocino Solid Waste Management Authority's (Authority) Farm and Ranch Solid Waste Cleanup and Abatement Grants. Public Resources Code, Section 48657, requires California Integrated Waste Management Board (CIWMB) shall conduct a selective audit of entities to determine whether grants and recycling incentives are being paid out properly. This audit report meets this statutory requirement and is intended for the information and use of CIWMB and Authority's management.

This audit included a review of receipts, expenditures, internal controls, and compliance with the grant agreement provisions for:

- FR16-03-0003, March 1, 2004 through March 15, 2006
- FR21-04-0002, June 1, 2005 through March 15, 2007

To summarize the grant receipts and expenditures, prepared were Statements of Revenue and Expenditures for these agreements executed between CIWMB and Authority. These Statements were prepared from Authority's records and are the responsibility of Authority's management. The audit responsibility is to provide management reassurance on the propriety of grant payments as represented by these Statements.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors. These standards require that we plan and perform the audit to provide reasonable assurance as to whether Authority is compliant with the requirements of the grant agreements. An audit includes examining, on a substantive and control test basis, evidence supporting sample amounts listed in the Statements and grant compliance disclosures.

As part of the audit, Authority did provide a management representation letter. This letter is to confirm Authority's representations provided to us explicitly or implicitly, indicate and document the continuing appropriateness of such representations, and reduce the possibility of misunderstanding concerning the matters that are the subject of the representations.

Compliance

The Statements represent fairly, in all material respects, the claimed and audited revenue and expenditures for grant agreements.

As part of obtaining reasonable assurance on the Statements, we performed tests of Authority's compliance with certain regulations and the grant agreement. The results of our tests disclosed compliance with the grant agreement requirements.

Management Controls

In planning and performing our audit, we considered Authority's internal control over financial reporting in order to determine our auditing procedures on the Statements and not to provide assurance on the internal control over financial reporting.

This report is intended solely for the information and use of CIWMB and Authority's management, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.



Susan Villa, Branch Manager
Fiscal Services Branch
(916) 341-6092

December 29, 2008

STATEMENT OF REVENUE AND EXPENDITURES

Mendocino Solid Waste Management Authority
Farm and Ranch Solid Waste Cleanup and Abatement Grant FR16-03-0003
For the Period March 1, 2004 through March 15, 2006

	Claimed	Audited	Questioned
Revenue:			
State Grant	\$40,137.00	\$ 40,137.00	\$0.00
Disencumbered	<u>\$18,834.25</u>	<u>\$18,834.25 *</u>	<u>\$0.00</u>
Total Revenue	<u>\$21,302.75</u>	<u>\$ 21,302.75</u>	<u>\$0.00</u>
 Eligible Expenditures:			
Disposal/Recycling	\$1,971.00	\$1,971.00	\$0.00
Equipment	\$13,710.29	\$13,710.29	\$0.00
Materials	\$2,414.76	\$2,414.76	\$0.00
Personnel	\$3,206.70	\$3,206.70	\$0.00
Total Expenditures	<u>\$21,302.75</u>	<u>\$21,302.75</u>	<u>\$0.00</u>
 Excess of Revenue over Expenditures	<u>\$0.00</u>	<u>\$0.00</u>	

* \$18,834.25 of the \$40,137.00 awarded was not used and disencumbered.

The accompanying notes are an integral part of this statement.

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STATEMENT OF REVENUE AND EXPENDITURES

Mendocino Solid Waste Management Authority
Farm and Ranch Solid Waste Cleanup and Abatement Grant FR21-04-0002
For the Period June 1, 2005 through March 15, 2007

	<u>Claimed</u>	<u>Audited</u>	<u>Questioned</u>
Revenue:			
State Grant	\$27,325.00	\$ 27,325.00	\$0.00
Disencumbered	<u>\$11,498.77</u>	<u>\$11,498.77</u> *	<u>\$0.00</u>
Total Revenue	<u>\$15,826.23</u>	<u>\$ 15,826.23</u>	<u>\$0.00</u>
 Eligible Expenditures:			
Disposal/Recycling	\$2,567.58	\$2,567.58	\$0.00
Equipment	\$5,467.58	\$5,467.58	\$0.00
Materials	\$4,430.47	\$4,430.47	\$0.00
Personnel	<u>\$3,360.60</u>	<u>\$3,360.60</u>	<u>\$0.00</u>
Total Expenditures	<u>\$15,826.23</u>	<u>\$15,826.23</u>	<u>\$0.00</u>
 Excess of Revenue over Expenditures	<u>\$0.00</u>	<u>\$0.00</u>	

* \$11,498.77 of the \$27,325.00 awarded was not used and disencumbered.

The accompanying notes are an integral part of this statement.

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NOTES TO THE STATEMENT OF REVENUE AND EXPENDITURES

**Mendocino Solid Waste Management Authority
Farm and Ranch Solid Waste Cleanup and Abatement Grant
FR16-03-0003 and FR21-04-0002
For Audit Period of March 1, 2004 through March 15, 2007**

Note 1 Description of the Reporting Entity

Mendocino Solid Waste Management Authority (Authority), a political subdivision of the State of California governed by an elected Board of Supervisors and selected cities, exercises the powers specified by the Constitution and statutes of the State. The Authority's reporting entity includes all significant organizations, departments, and agencies over which the Authority's exercises oversight and budgeting responsibilities with the County of Mendocino and the cities of Ukiah, Fort Bragg, and Willits. The Authority's joint powers agency has general responsibility for these grant projects. The integrated waste management enforcement programs are primarily carried out through Local Enforcement Agencies and the California Integrated Waste Management Board acting/serving as the Farm and Ranch Solid Waste Cleanup and Abatement Grant Program.

Note 2 Program Information

The California Integrated Waste Management Board administers the California Solid Waste Disposal Regulatory Reform Act, which includes the disbursement of Farm and Ranch Solid Waste Cleanup and Abatement Grants from the Integrated Waste Management Account (IWMA).

The Legislature enacted the California Solid Waste Disposal Regulatory Reform Act (Public Resources Code Sections 43200 – 43222 and 43230 – 43232). The Farm and Ranch (FR) program completes and grants to local enforcement agencies in which the funds are to implement the cleanup of illegal solid waste sites on farm or ranch property. The intent of the grant funds is to enhance the LEA program by providing funds for waste removal and disposal, recycling, drainage control and grading improvement, slope and foundation stabilization, equipment rental, excavation, site security, public education, removal of chlorofluorocarbons (CFC), and administrative costs up to seven (7) of the cleanup costs expended. Effectiveness of the program is measured by monitoring compliance of solid waste facilities and associated LEA programs.

Note 3 Descriptions of Farm and Ranch Solid Waste Cleanup and Abatement Grants

The Authority claimed reimbursement amounts of \$21,302.75 for FR10-03-0003 and \$15,826.23 for FR21-04-0002 for solid waste local enforcement agencies within the Authority's jurisdiction for the cleanup of illegal solid waste sites on farm or ranch property to ensure compliance with all applicable laws and regulations. The grant terms covered the overall period March 1, 2004, through March 15, 2007.

The Authority's primary goals for the Farm and Ranch Solid Waste Cleanup and Abatement Grants were to provide requirements for reimbursement of costs incurred by a farm or ranch owner for cleanup or abatement of an illegal solid waste site. The Authority is responsible for the property owners who desire grant funding to clean up their property for cities, counties, resource conservation districts, and federally recognized Native American tribes.

Note 4 Summary of Significant Accounting Policies

A. Basis of Presentation

The Statements presented in this report were prepared from the Authority's accounts and financial transactions. The Statement summarizes revenue and expenditures recorded by the County during the reporting periods referenced in Note 3.

The Statement summarizes the County's transactions pertaining to FR16-03-0003 and FR21-04-0002. They are not intended to represent all of the County's financial activities.

B. Basis of Accounting

The Authority's accounts are maintained on the modified accrual basis and in accordance with Generally Accepted Accounting Principles. Under the modified accrual basis, revenues are recorded as they become measurable and available, and expenditures are recorded at the time the liabilities are incurred.

Note 5

During the performance of this audit, we observed that the Authority governs its Farm and Ranch Solid Waste Cleanup and Abatement Grant Program in accordance with the Terms and Conditions and Procedures and Requirements of the Grant Agreement.